

Message Text

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R 111045Z DEC 74

FM AMCONSUL BOMBAY

TO SECSTATE WASHDC 4948

INFO USDOC WASHDC

AMEMBASSY NEW DELHI

AMCONSUL CALCUTTA

AMCONSUL KARACHI

AMCONSUL MADRAS

UNCLAS SECTION 1 OF 2 BOMBAY 2889

E.O. 11652: N/A

TAGS: BEXP IN

SUBJ: US MINING AND EARTHMOVING EQUIPMENT TRADE MISSION IN
BOMBAY AND NAGPUR

REF BOMBAY 2843

1. SUMMARY. THE HIGHLIGHTS OF THE MISSION'S VISIT TO BOMBAY (DEC 4-6) AND TO NAGPUR (DEC 7) WERE A MEETING WITH SENIOR OFFICERS OF THE GOVERNMENT OF MAHARASHTRA AT THE STATE SECRETARIAT, OVER 60 INDIVIDUAL BUSINESS APPOINTMENTS AT THE MISSION'S BUSINESS INFORMATION CENTER (BIC) IN BOMBAY, AND, AT NAGPUR, A FOUR-HOUR SERIES OF "STATE OF ART" DISCUSSIONS WITH GOVERNMENT-OWNED COAL MINING AUTHORITY LIMITED, INDIAN BUREAU OF MINES, GEOLOGICAL SURVEY OF INDIA AND MANGANESE ORE INDIA LIMITED INTERSPERSED WITH FILM AND SLIDE PROJECTIONS AND FOLLOWED-UP WITH INDIVIDUAL BUSINESS APPOINTMENTS. A GROUP OF MISSION MEMBERS ALSO VISITED AN OPEN PIT MECHANIZED COAL MINE NEAR NAGPUR. MISSION MEMBERS INDICATED THAT THEY SUBSTANTIALLY ACHIEVED THEIR OBJECTIVES IN CLARIFYING THEIR BUSINESS PROSPECTS IN THE WESTERN INDIAN MARKET AND IDENTIFYING

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CONCRETE PROJECTS THAT OFFER SCOPE FOR SALES OF THEIR PRODUCTS,

TECHNOLOGY AND SERVICES. END SUMMARY.

2. REPRESENTATIVES OF THE

THREE "NEW-TO-MARKET" FIRMS (N.L. INDUSTRIES, MOUNTAIN STATES AND SVERDRUP & PARCEL) DISCUSSED A WIDE RANGE OF BUSINESS PROPOSALS INCLUDING JOINT VENTURES FOR MINE BENEFICIATION, PROCESSING OF ILMENITE, SYSTEM ENGINEERING FOR KYANITE MINING, ETC. THEY VOICED SATISFACTION WITH THEIR PROGRAM AND PLAN FOLLOW-UP NEGOTIATIONS WHICH THEY EXPECT WILL RESULT IN FRUITFUL COLLABORATIONS.

3. WHILE IT IS PREMATURE TO ESTIMATE CONFIRMED SALES ORDERS, WE BELIEVE THAT MISSION'S VISIT RENEWED INDIAN INTEREST IN AMERICAN MINING AND EARTHMOVING EQUIPMENT. MISSION MEMBERS PERCEIVED CURRENT FOREIGN EXCHANGE CONSTRAINTS AS THE MAIN SALES HURDLE AND, BY AND LARGE, FOCUSED ATTENTION ON PROSPECTIVE SELF-FINANCED PROJECTS SUCH AS THOSE BY WORLD BANK AND OTHER UNTIED CREDIT LINES AVAILABLE OR LIKELY TO BECOME AVAILABLE. ALTHOUGH TWO MISSION MEMBERS FOUND PROSPECTS FOR SALE OF COMPLETE EARTHMOVING MACHINES TO MEET CURRENT NEEDS OF OPEN-PIT COAL MINES, MOST PROMISING PROSPECTS ENVISION SALE OF SOPHISTICATED US COMPONENTS COUPLED WITH LICENSING OF MANUFACTURE IN INDIA OF MAIN-FRAME AND SPARE PARTS. GOVERNMENT PERMISSION FOR SUCH ARRANGEMENTS MORE LIKELY IF AGREEMENTS PROVIDE FOR EVENTUAL MANUFACTURE OF COMPLETE MACHINE IN INDIA. INITIAL CONTACTS WERE MADE FOR THE EXPLORATION OF MANY PROMISING PROPOSALS, BUT IN NO CASE COULD SALES ESTIMATES BE GIVEN FOR SUCH LONG-RANGE PROJECTS SUBJECT TO UNPREDICTABLE POLICY DECISIONS ON THE PART OF THE REGULATORY BODIES WHICH MUST APPROVE THEM.

4. WE ARE PLEASED TO RECORD THAT THE ENTIRE GAMUT OF MINING AND EARTHMOVING EQUIPMENT AREAS IN OUR DISTRICT SUCH AS COAL, MANGANESE, CEMENT, LIMESTONE, SOFT METALS, IRRIGATION, ROAD CONSTRUCTION, PORT, FOUNDATION ENGINEERING AND AGRICULTURAL ENGINEERING, WERE COVERED BY THE MISSION MEMBERS WITH THE ONE EXCEPTION OF IRON ORE. WE BELIEVE THAT A ONE-DAY VISIT TO GOA (PRINCIPAL IRON ORE AREA) WOULD HAVE ADDED TO THE MISSION'S EFFECTIVENESS. REPRESENTATIVES OF FIVE OF THE MISSION FIRMS, HOWEVER, DELAYED THEIR ARRIVAL IN BOMBAY UNTIL THE LATE AFTERNOON OF DECEMBER 5 IN ORDER TO VISIT THE NATIONAL MINERAL DEVELOPMENT

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CORP. IN HYDERABAD IN THE MADRAS CONSULAR DISTRICT, CHIEFLY TO EXPLORE PROSPECTS IN IRON ORE MINING.

5. UNLIKE IN EARLIER MISSIONS, NINE OUT OF TWELVE MISSION FIRMS (J.I. CASE FAILED TO SHOW) WERE EFFECTIVELY REPRESENTED IN OUR CONSULAR DISTRICT AND LOCAL AGENTS ACTIVELY PARTICIPATED IN MISSION'S PROGRAM INCLUDING BRIEFINGS AND TRIP TO NAGPUR. TWO MISSION FIRMS (TEREX AND HARNISCHFEGER) HAVE LICENSED MANU-

FACTURING PROGRAMS AND ONE (INGERSOLL-RAND) OWNS A SUBSIDIARY PLANT IN INDIA. ONE MORE FIRM, EIMCO HAD RECENTLY CONCLUDED A JOINT VENTURE AGREEMENT FOR PRODUCING MINING EQUIPMENT. SEVERAL MISSION MEMBERS HAD VISITED INDIA EARLIER AND SOME KNEW DECISION-MAKERS BOTH IN THE GOVERNMENT AND PRIVATE SECTOR PERSONALLY. THE MISSION THUS HAD CONSIDERABLE EXPERTISE WITHIN ITS COMPOSITION WHICH ENHANCED ITS EFFECTIVENESS AS WAS EVIDENT FROM THE MEETINGS HELD WITH GOVERNMENT OFFICERS AT BOMBAY AND NAGPUR. THEY FOUND THAT THE SPONSORSHIP OF THE MISSION BY THE US GOVERNMENT GREATLY ENHANCED THEIR ABILITY TO CONTACT THESE DECISION-MAKERS IN A SHORT TIME AND THAT THE US MISSION WAS ABLE TO OPEN DOORS AT THE UPPER LEVELS OF THE MINISTRIES THAT HAD BEEN SHUT FOR SOME TIME.

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6. IN VIEW OF THE SPECIALIZED NATURE OF THE MISSION, ANEBALSO TO SAVE AVAILABLE TIME FOR BUSINESS APPOINTMENTS, WE DE-EMPHASIZED PROTOCOL CALLS BOTH AT GOVERNMENT AND INDUSTRY LEVELS. A BREAK-FAST MEETING DECEMBER 5 HOSTED BY THE PRESTIGIOUS INDO-AMERICAN CHAMBER OF COMMERCE (IACC) WAS DESIGNED AS A WORKING SESSION IN WHICH AN ECONOMIST AND A BUSINESS EXECUTIVE FROM TATAS (INDIA'S LARGEST BUSINESS COMPLEX) PROVIDED A INSIGHT INTO THE INDIAN ECONOMIC AND BUSINESS SITUATION. DISCUSSIONS AT

THIS SESSION SUPPORTED THE VIEW THAT THE INDIAN GOVERNMENT IS ADOPTING A MORE PRAGMATIC ATTITUDE THAT WILL FAVOR US PRIVATE INVESTMENT IN PROJECTS THAT WILL ALSO HELP MEET INDIAN NEEDS.

7. THE CUSTOMARY MISSION RECEPTION DECEMBER 5 WAS ATTENDED BY OVER 48 INVITEES, MOSTLY KEY DECISION-MAKERS, DESPITE AN INORDINATE POSTAL DELAY IN DELIVERY OF PRINTED INVITATION CARDS MAILED NOVEMBER 27.

8. USIS, BOMBAY, ENTHUSIASTICALLY PROVIDED ASSISTANCE TO THE MISSION, EVEN OFFERING TO SEND A PROJECTIONIST AND EQUIPMENT TO NAGPUR FOR FILM SHOWINGS. A USIS PROJECTIONIST BROUGHT UNCLASSIFIED

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EQUIPMENT AND SHOWED MISSION MEMBERS' FILMS THROUGHOUT DECEMBER 6 IN A RENTED RECEPTION ROOM NEAR THE BUSINESS INFORMATION CENTER. USIS DISTRIBUTED THREE PRESS RELEASES ON DECEMBER 3, IN ENGLISH FOR THE BOMBAY PRESS AND IN ENGLISH AND MARATHI FOR THE NAGPUR PRESS. TO DATE, SIX ARTICLES ON THE MISSION HAVE APPEARED IN THE LOCAL GENERAL, COMMERCIAL AND TECHNICAL PRESS. THE CONSULATE AT MADRAS SENT US TWO CLIPPINGS ON THE TRADE MISSION FROM MADRAS PAPERS, ONE, AN EDITORIAL CALLING FOR GREATER OPENNESS TO FOREIGN INVESTMENT. IACC, ASSOC. OF INDIAN ENGINEERING INDUSTRIES AND INDIAN MERCHANTS CHAMBER, ALL OF BOMBAY, ALSO PUBLICIZED UPCOMING MISSION.

9. TO SIMPLIFY LOGISTICS, BUSINESS CONSULTATIONS, IACC BREAKFAST, RECEPTION AND FILM PRESENTATIONS WERE HELD AT THE MISSION'S HOTEL AND THE HOTEL BUS TOOK THE MEMBERS TO AND FROM THE AIRPORT. LUNCH AND DINNER TIMES WERE FREE FOR CONTINUATION OF BUSINESS DISCUSSIONS. ONLY ONE VISIT WAS ORGANIZED, IN WHICH SIX MEMBERS CONFERRED WITH THE SECRETARY OF IRRIGATION AND POWER DEPARTMENT OF THE STATE GOVERNMENT AND HIS AIDES, AN EXTREMELY USEFUL SESSION IN WHICH SPECIFIC PROJECT NEEDS WERE RELATED TO EQUIPMENT CAPABILITIES. THE INDIANS, HOWEVER, WERE LOOKING TO SOME KIND OF BARTER ARRANGEMENT TO COVER FOREIGN EXCHANGE OUTLAYS.

10. USDOC ADVANCE MAN SOCKS CHECKED OUR ARRANGEMENTS IN BOMBAY NOVEMBER 18 TO 20, WORKED OUT BUDGET AND MET WITH LOCAL REPRESENTATIVES OF SIX OF THE MISSION PARTICIPANTS TO ELICIT THEIR COOPERATION AND SUGGESTIONS, ONE OF WHICH RESULTED IN THE DETOUR BY SOME PARTICIPANTS TO HYDERABAD. LOCAL AGENTS HELPED MAN THEIR PRINCIPALS' TABLES IN THE BIC AND TOOK THEM ON OUTSIDE VISITS TO SELECTED PROSPECTS. TWO LOCALSCEPRESENTATIVES ARRANGED THEIR PRINCIPALS' ENTIRE PROGRAM OF VISITS IN BOMBAY, AND TWO GAVE US PROSPECT LISTS FOR OUR MAILINGS.

11. ADVANCE TRIPS TO NAGPUR BY EMBASSY'S MINERALS ATTACHE SWEETWOOD NOVEMBER 4 TO 7, AND BOMBAY'S FSL PINGE, NOVEMBER

11 TO 13, SUCCEEDED IN ELICITING EXTRAORDINARY COOPERATION FROM MINING AUTHORITIES AND FIRMS WHICH BROUGHT CREAM OF MINING COMMUNITY TO MISSION PROGRAM DECEMBER 7 AT NATIONAL ENVIRONMENTAL ENGINEERING RESEARCH INSTITUTE IN NAGPUR, WHICH RENTED MISSION ITS AUDITORIUM FOR GROUP SESSIONS AND FILMS AND PROVIDED OFFICES FOR PRIVATE MEETINGS. ACCOMMODATIONS, SCARCE BECAUSE STATE UNCLASSIFIED

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LEGISLATURE IN NAGPUR SESSION, PROVIDED AT GUEST HOUSES OF COAL MINING AUTHORITY (CMA), MANGANESE ORE INDIA LTD. (MOIL) AND C.P. CLUB. SIX RENTED CARS PROVIDED TRANSPORTATION. CMA AND MOIL HOSTED BREAKFAST, LUNCH AND DINNER AT C.P. CLUB. SIX MISSION MEMBERS VISITED OPEN-PIT COAL MINE 23 MILES AWAY. SWEETWOOD AND PINGE PRECEDED MISSION TO NAGPUR BY ONE DAY TO COMPLETE ARRANGMENTS.

12. WE RECEIVED PRELIMINARY LIST OF MISSION PARTICIPANTS ON OCTOBER 23 AND FINAL LIST NOVEMBER 14. WE SENT GENERAL ANNOUNCEMENT LETTER NOVEMBER 12 AND SENT 264 BROCHURES ON RECEIPT FROM EMBASSY NOVEMBER 25 WITH LETTER INVITING APPOINTMENTS AND SPECIAL LETTERS TO GOVERNMENT OFFICIALS AND TO PROSPECTS IN NAGPUR. LETTERS AND TELEGRAMS FIXING APPOINTMENTS WERE SENT TO 25 FIRMS AND LISTS OF THESE AND 35 APPOINTMENTS BY TELEPHONE WERE INCLUDED IN MISSION MEMBERS INFO KITS ALONG WITH PROGRAM SCHEDULE, LIST OF PROSPECTS CONTACTED FOR BOMBAY AND NAGPUR PROGRAMS, AND LIST OF RECEPTION INVITEES.
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